

## SECTION 5

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## **AUDITS**

For fiscal years ending on or after June 30, 1997, audits of sponsors will be performed as required by the Single Audit Act, Amendments of 1996. OMB Circular A-128 applies to public schools and OMB Circular A-133 applies to private nonprofit organizations. To comply with both circulars, the audit requirements are based on total federal assistance expended.

The total federal assistance expended is the sum of total dollars expended from any federal source. (Example: Child Nutrition, Title 1, and Special Education.)

- ❖ Public schools expending \$300,000 or greater in total federal assistance must contract with a certified public accountant for an annual or biennial audit. A biennial audit must cover both years.
- ❖ Public schools expending less than \$300,000 in federal assistance receive a procedural review by the Auditor General's office.
- ❖ Private schools and nonprofit institutions expending \$300,000 or greater in total federal assistance must contract with a certified public accountant for an audit to be performed annually or biennial. A biennial audit must cover both years.

In all instances cited above, a program specific audit may be performed in lieu of a single audit, if the sponsor expends awards under only one federal program and is not subject to laws, regulations or federal award agreements that require a financial statement audit. No federal audit requirement is imposed if federal expenditures from all sources is less than \$300,000. However, records must be available for review or audit (the state may still audit these monies) by appropriate officials of the federal agency, pass-through entity, and General Accounting Office.

## **PROGRAM REVIEWS**

### Coordinated Review Effort (CRE)

The Coordinated Review Effort (CRE) was developed to standardize the review process for all National School Lunch Programs. The CRE sets forth minimum Performance Standards to identify operational problems and standardized procedures for corrective action to achieve better program management in the National School Lunch Program.

Sponsors of the National School Lunch Program receive a review of their program once every five years at a minimum. This review is also known as CRE. Reviews are generally conducted by the CNP office but may be conducted by USDA staff. Notification is given to the sponsor prior to the review date.

The review consists of two major sections: the Critical Areas and the General Areas. Fiscal action may be taken for violations found under either of these areas.

The Critical Areas cover:

- ❖ Each child's eligibility for free or reduced-price meals
- ❖ The system used for counting and claiming meals
- ❖ The required meal items

The General Areas cover:

- ❖ The free and reduced-price process, including verification
- ❖ Menu planning
- ❖ Civil rights compliance
- ❖ Monitoring responsibilities
- ❖ Reporting and recordkeeping requirements
- ❖ School Breakfast Program
- ❖ Food Distribution Program
- ❖ After School Snack Program (if applicable)

See Exhibit A for a CRE Checklist.

Sponsors with significant violations in the Critical Areas of the review are eligible for a follow-up review prior to December 31 of the next school year. During a follow-up review, the School Breakfast Program and the Special Milk Program may also be reviewed if the sponsor participated in either of these programs. If Critical Area violations are found during the follow-up review, a second follow-up review may be conducted within six operating months and reimbursement may be withheld.

Findings affecting claims for reimbursement may be appealed by following the CNP Appeals Procedures (Exhibit B).

### School Meal Initiative (SMI)

Sponsors will also receive a SMI (School Meals Initiative) visit along with their CRE. The purpose of the SMI evaluation is to work with the sponsor/residential site to determine the progress they are making toward meeting the federal guidelines for the Nutrition Goals for the NSLP and SBP. School meals must provide, on average over a week, one-third of the Recommended Dietary Allowances (RDA) for lunch and one-fourth of the RDA for breakfast for specific nutrients. SMI assistance includes feedback on the review of computerized nutrient analysis of one week of menus, production records, recipes and food preparation, convenience foods, and meal service in relationship to meeting those goals. If the review indicates that the program is not meeting the SMI Nutrition Goals, an action plan will be developed with the State Agency's cooperation and assistance to address how changes can be made.

## **DENIAL OF MEALS AS DISCIPLINARY ACTION**

USDA policy prohibits the denial of meals as a disciplinary action against any student who is enrolled in a school participating in the National School Lunch Program, School Breakfast Program or the Special Milk Program. Disciplinary action that indirectly results in the loss of meals is allowable (e.g., a student is suspended for the day from school). It is not allowable to discipline a student by withholding meals/milk, nor may disciplinary action directly result in the loss of meals (e.g., a student is suspended from school only during the lunch period).

Denial of nutritional benefits as a disciplinary action is clearly contrary to the intent and purpose of the programs and the policy of Congress as expressed in the legislation.

When considering disciplinary action against any student, school officials should ensure that such action is consistent with the above policy. Any student attending school who is not allowed to eat in the cafeteria for disciplinary reasons, shall have a reimbursable meal made available to them.

## **USE OF FOOD SERVICE FUNDS**

The food service program must be “nonprofit”. Revenues received by the school food service area are to be used only for the operation or improvement of the food service program. Revenues cannot be used to purchase land or buildings or to construct buildings. The following list represents areas where revenues can be expended:

- ❖ Food service staff salary and benefits
- ❖ Food service staff training
- ❖ Freight charges for USDA commodities
- ❖ Supplies and materials for consumption
- ❖ Supplies and materials for sale or rental
- ❖ Utilities and Communications
- ❖ Food Service Management Fees
- ❖ Furniture and Equipment
- ❖ Vehicles/Transportation Equipment

## **STUDENT, PARENT, TEACHER AND COMMUNITY INVOLVEMENT**

Sponsors are to promote activities to involve students in the NSLP. Such activities may include menu planning, enhancement of the eating environment, program promotion and related student-community support activities. Sponsors are encouraged to use the school food service program to teach students about good nutrition practices. School faculties and the general community should be involved in activities to improve the overall acceptability of the NSLP.

Sponsors who use a food service management company must establish an advisory board of parents, teachers and students to assist in menu planning.

## **USE OF FOOD SERVICE FACILITIES**

Permission to use school food service facilities should be obtained from the school administration. The local administration should have a written policy governing the use of these facilities and defining the school lunch manager's responsibilities when the facility is used for non-program purposes. When catering, costs such as labor and utilities must be charged to non-program groups.

## **FEEDING SENIOR CITIZENS**

Sponsors may serve meals to the elderly. Facilities, equipment, and personnel acquired or employed by a sponsor with program funds provided under the National School Lunch or Child Nutrition Acts may be used at local discretion to support a nonprofit nutrition program for the elderly.

Reimbursement may be claimed only for meals or milk served in accordance with CNP regulations. In addition, CNP costs and revenues must be clearly distinguishable from other nutrition activities. Sponsors feeding senior citizen groups should enter into an agreement that:

1. Identifies each public agency which is a contracting party by correct statutory title and indicate whether it is a state, county or city, town or other public or municipal agency.
2. Places into the recitals or elsewhere in the agreement, the exact statutory references under which each contracting party is empowered or authorized to exercise the prerogatives contemplated.
3. States the duration of the agreement inclusive/exclusive of holidays.
4. States purpose or purposes to be accomplished.
5. States the source of funds for financing the undertaking by indicating the amount to be charged to the individual and/or sponsoring agency.
6. Includes a provision requiring full reimbursement if it involves the expenditure by the school district of any of the following:
  - ❖ School lunch moneys.
  - ❖ Public school moneys.
  - ❖ Use of any school lunch commodities.
  - ❖ Use of public school personnel, equipment or facilities.
7. States the hours the senior citizens will be fed.
8. States the method or means of partial or complete termination of the agreement.

## **FOOD SALES TAX**

According to the Arizona Revised Statutes (ARS):

There is no state sales tax on the sale of food, drink, or condiment and accessory tangible personal property to a school district if such articles and accessory tangible personal property are to be prepared and served to persons for consumption on the premises of the public school during school hours. (ARS 42-1310.01 A.19.)

There is no state sales tax on the sale of food to a private or parochial school offering an educational program for grade twelve or under. (ARS 42-1382 C.1.)

There is no state sales tax on the sale of food to an organization which is tax exempt under 501(c)(3) of the Internal Revenue Code. (ARS 42-1382 C.4.)

An incorporated city or town may impose a tax on sales of food except for food or other items purchased with USDA food stamps or food instruments issued under the Special Supplemental Food Program for Women, Infants and Children (WIC). (ARS 42-1382 D.)

For more specific information, contact the Arizona Department of Revenue, Taxpayer Information Assistance, (602) 542-2076.

## **RECORDKEEPING REQUIREMENTS**

### Summary of Requirements

Throughout the year a variety of reports and records must be completed. See Exhibit C and D.

### Record Retention

Sponsors must keep complete and accurate records of the food service program to serve as a basis for claims for reimbursement and for audit and review purposes.

All records must be retained for five years after the fiscal year for which they pertain. However, if audit findings have not been resolved, the records must be retained beyond the five-year period as long as required for resolution of the issues raised by the audit. See Exhibit C for an outline of documents that must be retained. Meal tickets must be retained for one year after the fiscal year for which they apply.

Sponsors on Special Assistance are required to retain base year records (see Exhibit C) beyond the five-year period which support subsequent earning. For more information contact the CNP Office.

## CRE Checklist

The Coordinated Review Effort (CRE) Checklist can be used by a district to evaluate its program. To be in compliance, district staff should respond "yes" to the questions listed below.

	Yes	No
<b>Determining Eligibility:</b>		
1. Are the district's free and reduced-price meal applications readily retrievable by school?	<input type="checkbox"/>	<input type="checkbox"/>
2. Were the current year's application, notice/letter to households and eligibility guidelines used by each school in the district?	<input type="checkbox"/>	<input type="checkbox"/>
3. Are the parents or guardians of all students enrolled in the districts given a free and reduced-price meal application and parent letter at the beginning of the school year?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does a review of the application indicate that:		
A. all income application include:		
1. name(s) of student(s) for whom application is made?	<input type="checkbox"/>	<input type="checkbox"/>
2. names of all household members?	<input type="checkbox"/>	<input type="checkbox"/>
3. income of each adult household member by source?	<input type="checkbox"/>	<input type="checkbox"/>
4. social security number of the adult who signed the application or an indication that he/she does not have one (using the word "none")?	<input type="checkbox"/>	<input type="checkbox"/>
B. all food stamp/CA/FDPIR applications include:		
1. name of student?	<input type="checkbox"/>	<input type="checkbox"/>
2. valid food stamp/CA/FDPIR number? (8 digits or less)	<input type="checkbox"/>	<input type="checkbox"/>
3. signature of an adult household member?	<input type="checkbox"/>	<input type="checkbox"/>
C. all foster and institutionalized children are on individual applications? (one application per foster/institutionalized child)	<input type="checkbox"/>	<input type="checkbox"/>
D. all application include:		
1. eligibility determination – free, reduced or denied?	<input type="checkbox"/>	<input type="checkbox"/>
2. criteria used for determination (household size, income, case number)?	<input type="checkbox"/>	<input type="checkbox"/>
3. reason of denial indicated, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>
4. signature of determining official?	<input type="checkbox"/>	<input type="checkbox"/>
5. date signed by official?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are applications processed within ten operating day upon receipt?	<input type="checkbox"/>	<input type="checkbox"/>
6. Was the correct eligibly determination made for each application processed?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the district have a system for handling temporarily approved applications (application indicating "zero income" or unemployment) which includes:		
A. updating temporary application every 60 days?	<input type="checkbox"/>	<input type="checkbox"/>
B. a process for notifying the household that their benefits will expire unless the information on the application is updated?	<input type="checkbox"/>	<input type="checkbox"/>
C. termination of benefits if the household fails to respond?	<input type="checkbox"/>	<input type="checkbox"/>
8. Are the reviewing official and authorized signer(s) the same as is indicated in the Food Service Agreement?	<input type="checkbox"/>	<input type="checkbox"/>
9. Is the hearing official a person who is not involved in the determination and/or verification process?	<input type="checkbox"/>	<input type="checkbox"/>
10. Do students receive benefits based on last year's eligibility no long than the first 30 operating days after the beginning of the school year?	<input type="checkbox"/>	<input type="checkbox"/>
11. Are new students claimed as paid until an approved application is on file?	<input type="checkbox"/>	<input type="checkbox"/>

Detailed information on determining eligibility may be obtained in the *Free & Reduced-Price Policy Handbook*.

**Direct Certification:**

- |   |                          |                          |
|---|--------------------------|--------------------------|
| 1. Are direct certification notices of the current school year?                           | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are the students names and birth dates pre-printed on the direct certification notice? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on direct certification may be obtained in the *Free & Reduced-Price Policy Handbook*.

**Verification:**

- |  |                          |                          |
|--|--------------------------|--------------------------|
| 1. Was a count of meal applications on file on October 31 taken?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Were an adequate number of meal applications selected for verification?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Was all required documentation obtained during the verification process?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Was the verification process completed by December 15?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is the verification process documented in some manner for each application selected?                                    | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Is the district Verification Report completed and on file?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are households whose benefits must be reduced or terminated given the required 10-day notification prior to the change? | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on verification may be obtained in the *Free & Reduced-Price Policy Handbook*.

**Counting and Claiming:**

- |   |                          |                          |
|---|--------------------------|--------------------------|
| 1. Is the meal count system in use at each serving site the same as the approved procedure indicated on the Meal Count Information Sheet submitted to the state?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the medium of exchange for free, reduced-price and full-price meals:  |                          |                          |
| A. coded in a manner which does not cause overt identification of students receiving free and reduced-price meals? (Prohibited codes include color coding and use of obvious identifiers such as F, R, and P or 1, 2, 3.)   | <input type="checkbox"/> | <input type="checkbox"/> |
| B. available through prepayment or charging thus making free and reduced-price meal recipients appear as students who have prepaid or charged? (Be sure to check the lunch and breakfast collection procedures and have a charge policy in place.)  | <input type="checkbox"/> | <input type="checkbox"/> |
| C. distributed using a common location at a common time for all students to obtain their tickets or tokens?   | <input type="checkbox"/> | <input type="checkbox"/> |
| D. collected in a manner which ensures that the same procedures are used for all categories of meals?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the count category taken at the point-of-service? (That point in the food service operation when a determination can accurately be made that a reimbursable free, reduced-price or full-price meal has been served to an eligible student.) The end of the serving line is considered the "point of service".   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is there a system in place to ensure that second meals are not claimed for reimbursement?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. After viewing the meal count procedure in operation, does it appear that it yields an accurate county by category? (It is important to observe the cashier(s) at the end of the serving period to ensure that the count as taken on the line is the same as that reported on the daily record. Perform the same procedures that the cashier performs [count the number of meals by category from the tickets, roster, etc.] and compare your numbers to the cashiers' reported numbers. Compare the counts by category taken on the day of the review to counts recorded for prior days that month to determine if they are reasonable). | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. If there is more than one serving line, are the counts from all lines properly consolidated?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the list of eligibles used at the point of service current? (Benefit Issuance Document)   | <input type="checkbox"/> | <input type="checkbox"/> |



- |  |                          |                          |
|--|--------------------------|--------------------------|
| 8. Do the names on the list of eligibles match approved applications on file and on the direct certification list?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. If more than one list is used, are all lists the same?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Are the dates of changes due to withdrawals, transfers, etc. reflected on the list or on the application?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Is the count of eligibles updated, at least monthly, in a timely manner?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Are changes in eligibility due to verification, etc. made:   |                          |                          |
| A. immediately from increases in benefits?   | <input type="checkbox"/> | <input type="checkbox"/> |
| B. immediately after the 10-day adverse notice period for decreases in benefits?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Does each site conduct daily edit checks by category on daily meal counts? (eligibles x attendance factor = attendance adjusted eligibles; compare to daily meal counts by category)   | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. When the daily meal counts by category exceed the daily edit check is the validity of the count examined and documented prior to the submission of the claim?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Are all serving areas where meals are claimed for reimbursement available to all students (free, reduced-price and full paying students)?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Are menus priced as a unit?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Is the reduced-price breakfast \$.30 or less and the reduced-price lunch \$.40 or less?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Are adult meals priced appropriately, considering cost per meal?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Is there a trained substitute cashier?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. When reviewing the daily record of meals served, are there counts that reflect patterns of numbers; repetition of numbers; constant counts by category; served count equal to delivered count; identical counts for breakfast and lunch; 100 percent participation; or category count exceeding the number of eligibles: |                          |                          |
| A. researched for errors?  | <input type="checkbox"/> | <input type="checkbox"/> |
| B. corrections made as required?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Are prepaid and charged meals counted on the day they are served, not the day the money is collected?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Is the recommended procedure for handling lost, stolen and misused meal tickets in place?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. Are student issued one original and a minimum of three replacement meal tickets or are special meal arrangements allowed before a student is charged for the fourth replacement ticket?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Are all meals claimed intended to be eaten on campus or school-sponsored field trips?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. When preparing the monthly reimbursement claim, are the numbers of meals claimed by category for all schools consolidated correctly?   | <input type="checkbox"/> | <input type="checkbox"/> |

Detailed information on counting and claiming may be obtained in the *Child Nutrition Programs Guidance Manual*.

### On-Site Reviews:

- |   |                          |                          |
|---|--------------------------|--------------------------|
| 1. Is an on-site review of the meal counting and claiming procedure completed and documented prior to February 1? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is corrective action of the counting and claiming procedure developed as needed?                               | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is a follow-up review conducted within 45 days to ensure that corrective action was taken?                     | <input type="checkbox"/> | <input type="checkbox"/> |

## Meeting Meal Pattern Requirements:

### Traditional and Enhanced Food Based

1. If using the Traditional or the Enhanced Food Based Menu Planning System:
    - A. Is each of the required five food items offered on every lunch menu? ☐ ☐
    - B. Is each of the required four food items offered on every breakfast menu? ☐ ☐
  2. Is documentation with regard to the contribution of all purchased food items on file? (Documentation may be a CN label or a product specification sheet.) ☐ ☐
  3. Are the purchased-prepared items documented in question #2 the same as those received, prepared and served in all of the district kitchens? ☐ ☐
  4. Are food production records maintained on all meals claimed for reimbursement including lunch, breakfast, food bars and various other serving lines? (Requirements include menu, portion size, number of portions planned, quantity prepared in purchase units, number served, and amount leftover). ☐ ☐
  5. Are substitutions made in the menu reflected on the production records? ☐ ☐
  6. If breaded fruit and/or vegetable products are used, is documentation with regard to their contribution to the meal pattern on file and do production records reflect adequate serving sizes? ☐ ☐
  7. Is full-strength fruit juice contributing no more than one-half of the required serving size of fruit/vegetable component for lunch? ☐ ☐
  8. Are the two fruit and/or vegetable components offered on the lunch menu from two different sources? ☐ ☐
  9. Are utensils that yield standard-sized servings used for portioning all fruits and vegetables? ☐ ☐
  10. Based on the menu system being used, are the required number of bread servings offered each week?
    - A. Traditional Menu Planning  
Grades K-12: 8 servings/week ☐ ☐
    - B. Enhanced Food Based Menu Planning\*
      - Grades K-6: 12 servings/week ☐ ☐
      - Grades 7-12: 15 servings/ week ☐ ☐
      - Optional K-3: 10 servings/week ☐ ☐
- \*one grain/bread per day for grades K-12 may be a grain-based dessert.
11. If purchased-prepared bread items are offered:
    - A. Does each serving contain 14.75 grams of whole grain, enriched flour, meal, bran or germ products? ☐ ☐
    - B. Is documentation in the form of a CN label or product specification sheet available to substantiate the product's credibility? ☐ ☐
  12. Is a variety of milk available on every reimbursable line throughout the entire serving period? (If a specific type of milk represents less than one percent of the total amount of milk consumed in the previous year, the school may elect not to offer that type of milk for lunch.) ☐ ☐
  13. If there are choices of milk (different varieties), is each student permitted to make his selection? (Milk should not be placed on a student's tray without permitting him/her to choose.) ☐ ☐
  14. Are all required components offered in sufficient amounts before the cashier counts the meal as reimbursable? ☐ ☐
  15. If the school is operating under offer versus serve, may a student refuse any one or two of the food

items offered? ☐ ☐

16. Are carbonated beverages, pure sugar candies, pure water ices and gums excluded from sales in the food service area during meal periods? ☐ ☐

#### **NuMenus and Assisted NuMenus**

17. If using NuMenus or Assisted NuMenus Menu Planning System:
- A. Is an entrée, milk, and side dish offered at lunch? ☐ ☐
  - B. Is milk and at least two other menu items offered at breakfast? ☐ ☐
18. Are menus being analyzed using USDA-approved software? ☐ ☐
19. Are menus meeting the nutritional standards? ☐ ☐
20. Are food production records maintained on all meals claimed for reimbursement including lunches, breakfasts, food bars and various other serving lines? (Requirements include menu, portion size, number of portions planned, quantity prepared in purchase units, number served, and amount leftover.) ☐ ☐
21. Are substitutions made in the menu reflected on the production records? ☐ ☐
22. Are utensils that yield standard-sized servings used for portioning all fruits and vegetables? ☐ ☐
23. If the school is operating under offer versus serve for lunch:
- A. Has the student selected an entrée and at least one other item? ☐ ☐
  - B. Has the student declined no more than two items when four or more items are offered? ☐ ☐
24. Are carbonated beverages, pure sugar candies, pure water ices and gums excluded from sales in the food service area during meal periods? ☐ ☐

Detailed information on meeting meal pattern requirements may be obtained in the *Child Nutrition Programs Guidance Manual* and *Menu Workbook & Food Buying Guide*.

#### **Civil Rights:**

1. Is the USDA/FNS-approved poster displayed in a prominent place in the school where it is visible to recipients (students)? ☐ ☐
2. Is the nondiscrimination statement and information as to where a complaint may be filed included on program materials? ☐ ☐
3. If a significant number of persons in the community speak a language other than English, are foreign language translations available? ☐ ☐
4. Are procedures established to receive complaints alleging discrimination? ☐ ☐
5. Is there no separation by race, color, gender, religion, disability, age or national origin in the eating periods, seating arrangements, serving lines or eating areas? ☐ ☐
6. Are disabled/special needs students provided program benefits as prescribed by regulations? ☐ ☐

Detailed information on civil rights may be obtained in the *Child Nutrition Programs Guidance Manual*.

#### **Record Keeping:**

1. Are all records pertaining to the Child Nutrition Programs maintained for a period of five years, plus the current fiscal year or until resolution of any audits or reviews? ☐ ☐
2. Does the record keeping system separate program income by adults and students? ☐ ☐
3. Are program expenditures kept by food, labor or other? ☐ ☐

4. Does the district have a documented plan for student and parent involvement? ☐ ☐

Detailed information on record keeping may be obtained in the *Child Nutrition Programs Guidance Manual*.

**Financial Management:**

1. Was the remaining fund balance carried forward from last year to this year? ☐ ☐
2. Net cash resources:
- A. Are the food service account's net cash resources less than three month's operating expenditures? ☐ ☐
- B. If not, is documentation on file explaining reason for exceeding? ☐ ☐
3. Is interest earned on invested school foodservice funds credited to the school food service account? ☐ ☐
4. Do all employees paid from the school foodservice account have direct responsibility to the operation of the food service programs? ☐ ☐

Detailed information on financial management may be obtained in the *Child Nutrition Programs Guidance Manual* and *Uniform System of Financial Records*.

**Procurement:**

1. Did the district use competitive procedures on purchases of \$10,000 or more? ☐ ☐
2. Did the district keep records on negotiated items costing \$10,000 or more (including justification or negotiation, contractor selection and basis for the cost of price negotiated)? ☐ ☐
3. Is the district purchasing items as awarded? ☐ ☐
4. Is documentation of competitive procedures on purchases less than \$10,000 kept on file? ☐ ☐

Detailed information on procurement may be obtained in the *Child Nutrition Programs Guidance Manual*.

## **NATIONAL SCHOOL LUNCH PROGRAM APPEAL PROCEDURES**

Sponsors of the National School Lunch Program may appeal review findings which result in the denial of all or part of a claim for reimbursement or withholding of payments. If you wish to appeal, follow the procedures below:

1. A written request for an appeal must be postmarked no later than 15 calendar days after receipt of the review report. Requests should be sent to the attention of the National School Lunch Team Leader, Arizona Department of Education, 1535 West Jefferson, Phoenix, AZ 85007. The Team Leader will forward the request to the appeals officer. The State shall acknowledge the receipt of the request for appeal within 10 calendar days.
2. You may refute the charges contained in the report in person and by written documentation.
3. Written documentation refuting the charges must be filed with the appeal official no later than 30 calendar days after you receive the report.
4. You may retain legal counsel or be represented by another person.
5. A hearing will be held by the official if you request it when requesting the appeal (failure of your representative to appear at a scheduled hearing will constitute your waiver of the right to a personal appearance with the appeal official, unless the appeal official agrees to reschedule the hearing).
6. A representative of the Child Nutrition Programs Unit, Arizona Department of Education, shall be allowed to attend the hearing to respond to your testimony and to answer questions posed by the appeal official.
7. If you have requested a hearing, you and the state agency shall be provided with at least 10 calendar days advance written notice sent by certified mail, return receipt requested, of the time, date, and place of the hearing.
8. Any information on which the review action was based is available for your review.
9. The appeal official, who will be an independent and impartial official, shall make a determination based on information provided by the Child Nutrition Programs Unit, Arizona Department of Education, and by you in accordance with the program regulations.
10. You will be notified by written notice, sent by certified mail, return receipt requested, of the determination within sixty (60) calendar days of the Arizona Department of Education's receipt of the request for an appeal. The final determination shall take effect upon your receipt of the written notice of the final decision.
11. The action suggested by the review report will remain in effect during the appeal process.
12. The determination by the appeal official is the final administrative determination available to you.

## CHILD NUTRITION PROGRAMS

### Summary of Reporting and Recordkeeping Requirements\*

#### SUBMITTED TO CNP:

##### MONTHLY

Reimbursement Claim

##### ANNUALLY

Program Application Packet

FSMC Contract or Addendum  
(if applicable)

Annual Financial Report

##### AS NEEDED

Response to Reviews

FSMC Invitation to Bid/Request or  
Request for Proposal

#### MAINTAINED BY SPONSOR:

##### DAILY

Income Applications

Benefit Issuance Document (Roster)

Meal Counts and Edit Checks

Food Production Records

##### MONTHLY

Revenue/Expenditure Records

##### ANNUALLY

Verification Documentation

Civil Rights Compliance Form

On-Site Reviews of Counting and  
Claiming Procedures

##### AS NEEDED

Purchasing Bids/Quotations

Training Documentation

Accountability Procedures

Standardized Recipes

CN Labels and Product Specifications

Nutrition Facts Labels

\*All records must be retained for a minimum  
of five years

**Arizona Department of Education  
Child Nutrition Programs (CNP)**

**Important Dates and Reporting Requirements for the National School Lunch Program**

July 1	New fiscal year begins
August	DES mailing of Direct Certification Letters to Food Stamp and Cash Assistance recipients
October 1	Annual Financial Report due in to CNP from private schools, BIA schools, and RCCIs
October 15	Annual Financial Report due in to CNP from public schools
30 operating days the first day of school	Last day that Income Applications from prior school year are valid
October 31	Begin verification of Income Applications
December 15	Complete Verification Report and retain in sponsor file
December 15	Civil Rights Compliance Form completed and retained in sponsor file
February 1	On-Site Reviews completed and retained in sponsor file
March-April	School Lunch renewal packet mailed to sponsors by CNP
June 1	School Lunch renewal packet due in to CNP